

2008
OSPS YEAR END
MINI-CONFERENCE

GROSS PAY
CORRECTIONS
PRESENTATION
HANDOUTS

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2008 OSPS Year End Mini-Conference

LWOP Not Fully Repaid by Year End

Worksheet for Year-End Decisions

Scenario:

In April, employee received a full paycheck but was actually on LWOP the whole month. Employee is repaying \$100.00/month. The gross of the April paid May check is \$1000.00.

Standard Questions	Answer
What is today's date?	
Where does this fall within payroll runs?	
Where does this fall within the calendar year?	
Has there been a P190 set for the pay period yet?	
What tax year is the original P190 set in?	
Is there a pending set reversal?	
Are there November or December dates on the P010 screen?	CIRCLE ONE: No Yes, November Yes, December
What are you correcting?	
Will your correction <u>increase</u> or <u>decrease</u> the employee's taxable wage?	CIRCLE ONE: INCREASE DECREASE

Other relevant questions:

Will the overpayment be completely repaid by Dec Run 1?

How much gross has been repaid?

Solution:

RESOURCES

- OSPS Processing Calendar
- Flow Chart: Timesheet or Other Gross Pay Corrections for Months Prior to November
- Recommended Practice: Year End Payroll Processing

Overpayment Recovery

Gross Overpayment	1000.00		
EE FICA 7.65% (SS 6.2% MEDR 1.45%)	76.50	OSPS will recover from IRS	
ER Share Fica (same calc)	76.50	OSPS will recover from IRS	
PERS Pickup	60.00	Agency Recovers From PERS	
PERS Employer Share	100.59	Agency Recovers From PERS	
Total To Recover	1237.09		
Employee must repay Agency For gross less employee FICA	923.50	5% per month =	46.18

Tax Year 2008		Tax Year 2009	
January	0	January	100
February	0	February	100
March	0	March	23.5
April	0	April	0
May	0	May	0
June	100	June	0
July	100	July	0
August	100	August	0
September	100	September	0
October	100	October	0
November	100	November	0
December	100	December	0
2008 Total	700		223.50
Calc to Gross	757.99		242.01
FICA	57.99		18.51
Equals Recovered	700.00		223.50 923.50

SOLUTION

Worksheet for Year-End Decisions

Scenario:

In April, employee received a full paycheck but was actually on LWOP the whole month. Employee is repaying \$100.00/month beginning with the 5/31/08 pay period. The gross of the April paid May check is \$1000.00.

Standard Questions	Answer
What is today's date?	Before Dec Run 2
Where does this fall within payroll runs?	Before Dec Run 2
Where does this fall within the calendar year?	2008
Has there been a P190 set for the pay period yet?	N/A
What tax year is the original P190 set in?	N/A
Is there a pending set reversal?	N/A
Are there November or December dates on the P010 screen?	CIRCLE ONE: <u>No</u> Yes, November Yes, December
What are you correcting?	Adjust gross to match funds in employee's possession
Will your correction <u>increase</u> or <u>decrease</u> the employee's taxable wage?	CIRCLE ONE: <u>INCREASE</u> DECREASE

Other relevant questions:

Will the overpayment be completely repaid by Dec Run 1? NO

How much net does the employee owe? \$923.50 (Gross minus FICA)

How much net has been repaid? \$700.00 (seven months @ 100/month)

How much gross has been repaid? \$757.99 (\$700 / .9235 [9235 is the reverse of .0765])

Solution:

Since the employee has not repaid all funds by the end of December Run 1, his W-2 needs to show that he had use of the remaining funds in 2008. You need to make a P050 entry for the GROSS amount still owing (\$242.01). Then because you don't want to give money to the employee, you will also process an offsetting PANN to the agency for the net of GROSS minus FICA (\$223.50). When the employee finishes repaying this in the February paid March 2009 pay period, you will request a Corrected W-2 through Kathyron so your agency can recover their portion of the FICA taxes.